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ABSTRACT

Since 1979, the wage gap between women and men has narrowed significantly, falling by more than 10 percent overall. The closing of the wage gap has slowed considerably in the 1990's, however, with women's real wages (adjusted for inflation) stagnating in recent year and men's wages continuing to decline. The lack of growth in both women's and men's wages in the 1990's is especially striking, given that the economy is now enjoying the longest period of sustained growth since the end of World War II. The gap between women's and men's earnings was smallest in 1993 and grew thereafter. When the gap has been closing, about 41 percent is due to an increase in women's wages, whereas 59 percent is due to the fall in men's wages. In the latest years, almost all of any reported gap closing is due to declines in men's wages. Much of the growth of women's wages was fueled by the movement of women into higher-paying occupations; however, that trend may have come to an end. Stronger enforcement of the Equal Employment Opportunity laws and pay equity or comparable worth increases in women-dominated occupations would help to close the wage gap between women and men. (KC)

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Stall in Women's Real Wage Growth Slows Progress in Closing the Wage Gap

Briefing Paper

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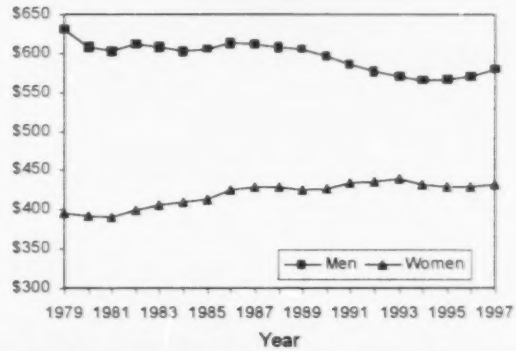
Stall in Women's Real Wage Growth Slows Progress in Closing the Wage Gap

Since 1979, the wage gap between women and men has narrowed significantly, falling by more than 10 percentage points overall. At first glance, this seems like great news for women. However, it is misleading to interpret this statistic as proof of a continuing and robust improvement in wages for today's working women. First, the closing of the wage gap has slowed down considerably in the 1990s. Second, women's real wages (wages adjusted for inflation[1]) have stagnated in recent years.

In the 1990s, the remarkable success story of women's rising real wages seen during the 1980s ended. Instead, stagnating real wages for women has been the norm since the beginning of the 1990s. Women's wage growth during the 1980s differed dramatically from men's experience in the labor market (see Figure 1a, showing real median weekly earnings from 1979 to 1997 for women and men who work full-time[2]). While men's real wages fell overall, women's real wages increased substantially. Men who worked full-time lost $25 in weekly earnings (adjusted for inflation) between 1979 and 1989 while women gained $30 during the same period. These losses can be clearly seen in Figure 1a which compares the 1979 wage levels (marked by straight lines extending from the 1979 earnings points across the graph) to the 1989 earnings points.

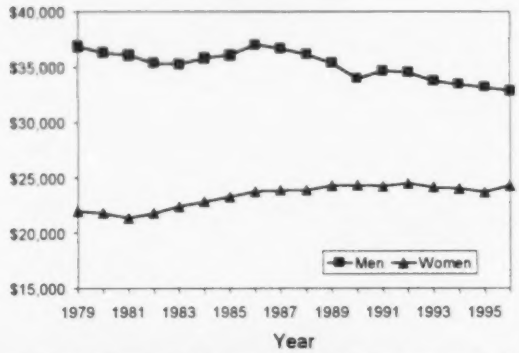
Between 1989 and 1997 women gained only $6 in real weekly earnings while men's earnings continued to decline (men lost $27; see Table 1a). These losses for men can be clearly seen in Figure 1a by comparing the 1989 wage level, marked by solid lines from the 1989 points extending across the graph, to the 1997 earnings point. In fact, the highest ratio of women's median weekly earnings to men's earnings was in 1993 (76.9%). The wage gap has actually increased since that time, so that women in 1997 only earned 74.4% of men's median weekly earnings.

Figure 1a. Full-Time Men and Women's Real Median Weekly Earnings, 1979-1997 (1997 Dollars)



Source: Institute for Women's Policy Research calculations based on the Merged Earnings Files, Current Population Survey, Bureau of Labor Statistics, U.S. Department of Labor, 1979-1997.

Figure 1b. Full-Time Men and Women's Real Median Annual Earnings, 1979-1996 (1997 Dollars)



Source: Institute for Women's Policy Research calculations based on the March Current Population Survey, U.S. Bureau of the Census, 1980-1997.

Table 1a.
Full-Time Men and Women's Real Median Weekly Earnings, 1979-1997
(1997 Dollars)

Year	Men's Median Weekly Earnings	Women's Median Weekly Earnings	Wage Gap	% of Women's to Men's Weekly Earnings
1979	$631	$395	$236	62.5%
1980	$608	$392	$216	64.4%
1981	$604	$390	$214	64.6%
1982	$611	$400	$212	65.4%
1983	$609	$406	$203	66.7%
1984	$604	$409	$195	67.8%
1985	$606	$413	$192	68.2%
1986	$614	$425	$189	69.2%
1987	$612	$428	$184	70.0%
1988	$609	$427	$182	70.2%
1989	$606	$425	$181	70.1%
1990	$596	$427	$168	71.8%
1991	$586	$434	$152	74.0%
1992	$578	$436	$142	75.5%
1993	$571	$439	$132	76.9%
1994	$565	$432	$133	76.4%
1995	$567	$428	$139	75.5%
1996	$570	$428	$142	75.0%
1997	$579	$431	$148	74.4%

Source: Institute for Women's Policy Research calculations based on the Merged Earnings Files, Current Population Survey, Bureau of Labor Statistics, U.S. Department of Labor, 1979-1997.

While both women's and men's real earnings (in the weekly data series) are showing signs of recent growth, the increases are quite small.

The weekly earnings series (Table 1a) show that the gap between women's and men's earnings was smallest in 1993 ($132), and grew thereafter (to $148 in 1997). As Figure 1a shows, the trend lines for women's and men's earnings began to diverge in 1993 after converging for the previous 15 years. The gap had been $236 per week in 1979. In Figure 2a, which shows the ratio of women's to men's median weekly earnings, the highest point is in 1993, and the growth in the ratio is clearly much greater in the 1980s than in the 1990s.

The annual earnings series (Table 1b) shows the gap at its smallest in 1996 ($8,628 annually compared with $14,885 in 1979), but also shows a marked slowdown in progress in the 1990s compared with

The end of women's wage growth raises the question of whether women have finally caught "male wage disease." If so, progress in closing the wage gap will be hopelessly stalled unless men continue their real wage losses (which is certainly not a desirable outcome). In the median *annual* earnings data series from the US Bureau of the Census, the wage gap narrowed sharply between 1995 and 1996 (the last year for which this data series is available) because men's real earnings continued to decline (see Figure 1b and Table 1b).[3]

The lack of growth in both women's and men's wages in the 1990s is especially disturbing, given that the economy is now enjoying the longest period of sustained growth since the end of World War II (27 quarters since the trough of the business cycle in the first quarter of 1991).

Table 1b.
Full-Time Men and Women's Real Median Annual Earnings, 1979-1996
(1997 Dollars)

Year	Men's Median Annual Earnings	Women's Median Annual Earnings	Wage Gap	% of Women's to Men's Annual Earnings
1979	$36,902	$22,017	$14,885	59.7%
1980	$36,297	$21,836	$14,461	60.2%
1981	$36,090	$21,378	$14,712	59.2%
1982	$35,386	$21,849	$13,537	61.8%
1983	$35,260	$22,423	$12,837	63.6%
1984	$35,866	$22,831	$13,035	63.7%
1985	$36,090	$23,305	$12,785	64.6%
1986	$36,985	$23,770	$13,215	64.3%
1987	$36,658	$23,893	$12,765	65.2%
1988	$36,165	$23,886	$12,278	66.1%
1989	$35,376	$24,294	$11,082	68.7%
1990	$33,989	$24,341	$9,647	71.6%
1991	$34,670	$24,220	$10,450	69.9%
1992	$34,545	$24,453	$10,092	70.8%
1993	$33,774	$24,155	$9,619	71.5%
1994	$33,415	$24,048	$9,367	72.0%
1995	$33,170	$23,693	$9,477	71.4%
1996	$32,882	$24,254	$8,628	73.8%

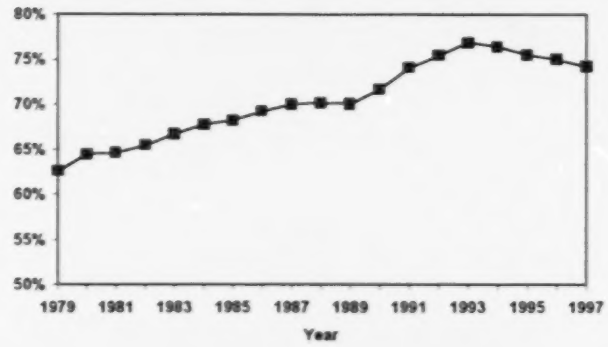
Source: Institute for Women's Policy Research calculations based on the March Current Popualtion Survey, U.S. Bureau of the Census, 1980-1997.

the 1980s (Figure 1b). The ratio of women's to men's annual earnings is shown in Figure 2b. In contrast with steady growth in the 1980s, this trend line is fairly flat in the 1990s, with peaks in 1990 and 1996.

Tables 2a and 2b analyze how much of the closing of the gap was due to the growth in women's real wages and how much to the fall in men's real wages. Notice that the gap fell substantially over the nearly 20-year period, by 12 percentage points in the weekly series or 14 percentage points in the annual series. However, in the weekly series, *41 percent (about two-fifths) of the closing of the gap is due to the increase in women's real wages, while 59 percent, or three-fifths, is due to the fall in men's real wages.* Likewise, the effect of the slowdown in real wage growth for women in the 1990s is clearly shown in the vastly decreased *proportion of the closing of the gap that is due to women's real wage growth—only 19 percent in the 1990s compared with 51 percent in the 1980s.*

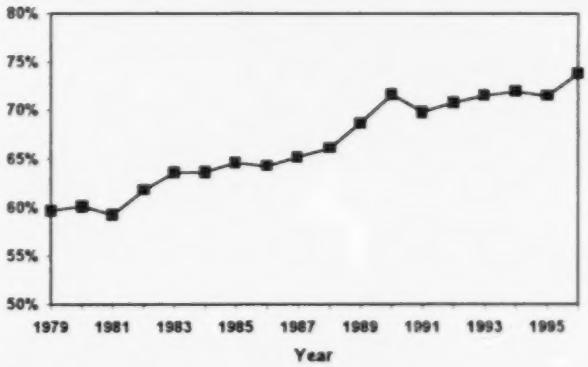
Analysis of the annual earnings series in Table 2b shows a similar phenomenon, with 60 percent of the closing of the gap due to increases in women's real wages in the 1980s, but none of the further closing of the gap in

Figure 2a.
The Wage Ratio: Full-time Men and Women's Median Weekly Earnings, 1979-97



Source: Institute for Women's Policy Research calculations based on Merged Earnings Files, Current Population Survey, Bureau of Labor Statistics, U.S. Department of Labor, 1979-1997.

Figure 2b.
The Wage Ratio: Full-time Men and Women's Real Median Annual Earnings, 1979-96



Source: Institute for Women's Policy Research calculations based on March Current Population Survey, U.S. Bureau of the Census, 1980-1997.

Table 2a.
The Causes for the Changing Wage Gap, 1979-97
Decreasing Female-Male Gap in Median Weekly Earnings

Year	% Point Change in Female/Male Wage Ratio	% Change in Women's Real Wages	% Change in Men's Real Wages	% Change in Gap Due to Rising Women's Real Wages	% Change in Gap Due to Falling Men's Real Wages
1979-1989	-7.5%	7.6%	-4.0%	54.0%	46.0%
1989-1997	-4.4%	1.5%	-4.4%	19.4%	80.6%
1979-1997	-11.9%	9.2%	-8.3%	41.0%	59.0%

Source: Institute for Women's Policy Research calculations based on Merged Earnings Files, Current Population Survey, Bureau of Labor Statistics, U.S. Department of Labor, 1979-1997.

Table 2b.
The Causes for the Changing Wage Gap, 1979-96
Decreasing Female-Male Gap in Median Annual Earnings

Year	% Point Change in Female/Male Wage Ratio	% Change in Women's Real Wages	% Change in Men's Real Wages	% Change in Gap Due to Rising Women's Real Wages	% Change in Gap Due to Falling Men's Real Wages
1979-1989	-9.0%	10.3%	-4.1%	59.9%	40.1%
1989-1996	-5.1%	-0.2%	-7.1%	-1.6%	101.6%
1979-1996	-14.1%	10.2%	-10.9%	35.8%	64.3%

Source: Institute for Women's Policy Research calculations based on Census, March Current Population Survey, Bureau of the Census, 1980-1997.

the 1990s due to women's real wage growth. In the latter period, all of the closing of the gap in this series was the result of men's falling real wages.

Further research is needed to understand why women's and men's wages have behaved so differently throughout this period and why women's real wage growth seems to have stalled after a long period of steady growth. Some of the underlying trends that have led to increases in women's real wages — increased education and increased labor market experience -- are likely to continue. But some may have come to an end. Much of the growth in women's real wages was fueled by the movement of women into higher earning occupations, such as management and the professions. Overall, in these two large occupational groups, women's representation is now equal to their representation in the labor market as a whole. Unfortunately, women still earn less than men within these occupational groups; there are many differences in the distribution of women and men across the finer occupational breakdowns within these broad categories.

There is still plenty of room for further declines in sex segregation in the labor market. However, such declines may have to occur more in blue collar occupations, where progress has been slower, than in white collar occupations. Further wage growth will have to come from women's wages catching up to men's wages within occupations in addition to the continued movement of women into higher paying men's occupations. Therefore, stronger enforcement of the Equal Employment Opportunity laws and regulations by the federal government is necessary for continued improvement in women's wages. In addition, pay equity or comparable-worth-type wage increases in women's occupations (for example, many clerical occupations) would clearly help to close the wage gap between women and men.

Education and training policies can help women and men earn higher wages through increased productivity. Labor legislation also has a place in assuring that workers receive fair compensation for their productivity gains. These laws ensure that workers have the right to join unions without intimidation and enforce the rights of workers to engage in collective bargaining. Finally, continued efforts to increase the wage floor by raising the minimum wage will benefit both women's and men's real wage growth.

Notes:

[1] All earnings and wages are converted into 1997 dollars by using the Consumer Price Index U XI series.

[2] Earnings are compared at the median because the median worker is considered the most typical worker. The median worker is the worker in the precise middle of the earnings distribution—just as many workers earn more as earn less than the median worker. The BLS weekly earnings data consistently show a higher ratio of women's to men's earnings (and therefore a smaller earnings gap) than the Census Bureau annual earnings data.

[3] Both the weekly and the annual data come from the same data collection vehicle, the Current Population Survey, a survey of nearly 60,000 households conducted monthly by the US Bureau of the Census. Respondents are asked about their weekly earnings each month, while annual earnings for the previous year are asked of respondents only in March of each year. The Bureau of Labor Statistics reports on weekly earnings and provides the annual average of the weekly data for the previous year in late January of each year. The weekly data, called the Merged Earnings Files, are more reliable, both because there is likely to be less recall error on the part of respondents and because the number of respondents is much larger. However, the weekly data do not include self-employed workers' earnings. The Census Bureau reports the annual earnings for the previous year in early fall of each year.

The Institute for Women's Policy Research (IWPR) is an independent, non-profit research institute dedicated to conducting and disseminating research that informs public policy debates affecting women. The Institute also works in partnership with the graduate programs in public policy and women's studies at the George Washington University. Members of the Institute receive regular mailings including fact sheets such as this one. Individual and organizational memberships are available. For more information, contact the Institute at (202) 785-5100 or visit our web page at http://www.iwpr.org. This Briefing Paper *was written by Heidi Hartmann and Julie Whittaker and formatted by Jill Braunstein and Anna Rockett in February 1998.*